



AFL Business Principles and Practices

AFL Insurance Brokers Ltd (AFL) is an Independent Intermediary offering a wide range of insurance services.

This document sets out the basis on which AFL will provide its core service of advising on and/or arranging insurance policies and/or other services as agreed by you and based on the information you have supplied. Our services are governed by English law, and any dispute shall be submitted to the exclusive jurisdiction of the English Courts.

When AFL provides the service of advising on and/or arranging insurance policies it will normally make a recommendation to you after your needs have been assessed. In some instances AFL may only access insurance policies from a limited number of insurers, or even a single insurer. A list of insurers AFL intends to or has approached can be disclosed to you. When you select insurance policies where claims are not directly notified to the insurer, AFL will handle your claim promptly and keep you advised of progress.

When we believe this to be beneficial, AFL may occasionally ask other organisations to help us to meet your needs and in certain circumstances the ongoing servicing of your insurance arrangements may be transferred to an insurer or other third party.

If there is a separate service agreement and/or Terms of Engagement and Letter of Engagement in place between us, its terms will take precedence over this document in case of conflict.

Financial Services Authority (FSA)

The FSA is the independent statutory body that regulates the financial services industry. AFL is authorised and regulated by the FSA (no. 308657). This can be checked on the FSA Register by visiting the FSA's website: www.fsa.gov.uk/register/ or by contacting the FSA on 0845 606 1234.

Fair Treatment

AFL aims at all times to treat you fairly. AFL will not deliberately put itself in a position where its interests, or its duty to another party, prevents it from discharging its duty to you. AFL maintains internal procedures and controls to identify and manage any potential conflicts, so that all times the interests of all AFL's clients are reasonably protected. A copy of our Conflicts of Interest Policy is available upon request. Where potential conflicts are particularly complex or difficult to manage, we will agree with you the best way to protect your interests and may ask you to confirm that you are happy for us to continue acting for you.

Market Security

We only place contracts of insurance with insurers that meet our minimum financial standards, unless you provide specific instructions to the contrary. We do not guarantee the solvency or continuing solvency of any insurer and you should note that the financial position of an insurer can change.

If an Insurer ceases trading we will do our best to assist you, but you should note that in those cases of insurer insolvency, where the insurer has granted Risk Transfer to us, premiums held by us will be deemed to have been paid to that insolvent insurer and therefore cannot be returned to clients. Similarly, claims monies held by us may be returnable to the insolvent insurers or their liquidators, rather than the clients.

Our Remuneration

The remuneration we receive for our services will be brokerage (a percentage of the premium allowed by the insurers) and, or, a fee which will be specifically advised to you.

Brokerage and fees are earned for the insurance period and we will be entitled to retain all fees and brokerage in respect of the full period in relation to policies placed by us. No refunds of fees or brokerage will be allowed following cancellation of any policy or reductions in cover.

We reserve the right to charge a fee in addition to the insurance premium for the arrangement, amendment, renewal, or cancellation of any policy. These fees will be advised to you and identified separately. In addition to brokerage or an agreed fee basis of remuneration we may also receive benefit from.

- Income that we are able to generate due to the volume of our account placed with certain insurers combined with its underwriting performance, which are not identifiable to any specific policy.
- Income that we are able to generate through management of cash balances held on behalf of insurers and clients which are not identifiable to any specific policy.
- Income that is receivable from premium financing companies calculated by reference to the total volume of premiums financed, delinquency ratios and financing rates applied.
- Commission receivable from certain companies in connection with uninsured loss recovery products.
- Administrative fees or commissions for services provided to insurers or other suppliers.

Prior to the conclusion of each insurance contract, or upon renewal, we will remind you of your right to be advised of the level of commission we receive from insurers. You are entitled, at any time, to request any information regarding any income which we may have received as a result of placing your insurance business.

Providing Information to us

Any information, statements or answers made by you to us or your insurers are your responsibility and must be correct. You are required to disclose any material fact which may influence your insurer as to the acceptability or otherwise of the risk. Any inaccuracies in your answers or the information you provide may invalidate your insurance cover in whole or in part. The answers you give on any proposal form or in other pre contractual enquiries and at the time of and prior to quotation are the basis of your contract with insurers. Should this information change after quotation and prior to issue of cover or at any time during the currency of the policy then insurers will need to be advised. Your duty of disclosure is a continuing one during the policy period. If you are in any doubt what may be deemed to be a material fact then please contact us.

Confidentiality

Information which you have given us will not be used or disclosed outside of our company except in the normal course of negotiating, maintaining or renewing insurances on your behalf, unless we are obliged to make such disclosure for regulatory or legal reasons. We are registered under the Data Protection Act 1998 and you have the right to see personal information about you which we hold in our records. We reserve the right to charge a reasonable fee for providing this information to you.

Client Money

After receipt of payment we hold money on behalf of clients in accordance with FSA rules and our terms of business with insurance companies.

Our Terms of Business with certain insurers include provision that premium payments made by clients are considered as insurer money after payment to AFL Insurance Brokers Ltd Ltd. These insurer monies are currently co-mingled with client money as we are permitted to do under FSA rules, and the agreements we have with insurers, in a statutory trust account. The aim of the trust is to protect the client in the event of the failure of our company or the failure of the bank or the third party at which the money may be held. In such circumstances the firm's general creditors should not be able to make claims on client money as it will not form part of this company's assets.

We may transfer client money to other organisations (for example wholesale brokers) for the purpose of effecting an insurance on your behalf. Client money, while in the possession of AFL Insurance Brokers Ltd, will at all times be held with major UK Clearing Banks authorised by the FSA. Acceptance of these terms and conditions will also be taken as implied consent to us retaining all bank interest receivable or other similar investment income from those bank accounts.

Liability

We acknowledge that we will be liable to you for loss, damage, costs and expenses (“Losses”) caused by our negligence or the negligence of any of our directors, employees, consultants, sub-contractors or agents for whose acts errors or omissions the Company is legally liable (“the Specified Persons”), subject to the following provisions of this clause:

- We shall have no other liability of any nature, whether in contract, tort, or otherwise, for any Losses whatsoever and howsoever caused, arising from or in any way connected with the services and/or advice provided by us or our engagement by you.
- We shall not be liable in contract, tort (including negligence) or otherwise (i) for any increased costs or expenses, or (ii) for any loss of profit, business, business contracts, business revenues or anticipated savings, or (iii) for any special, indirect or consequential damage of any nature whatsoever.
- We shall not be liable to the extent that Losses are due to the provision of false, misleading, inaccurate, or incomplete information or documentation or your failure to inform the Company of any material information or if and to the extent Losses are due to any act or omission of any person other than the Company or any of the Specified Persons.
- We shall not be liable to you or be deemed to be in breach of our contract with you by reason of any delay in performing, or any failure to perform, any of our obligations to you, if the delay or failure was due to any cause beyond our reasonable control.
- Unless otherwise agreed by the Company with you in writing, our total liability to you (whether in contract, tort (including negligence) or otherwise) shall not exceed £5,000,000 in respect of any one Claim.

“Claim”, for the purposes of this clause shall mean all claims and Losses resulting from:

- (i) one and the same act error or omission; or
- (ii) a series of acts errors or omissions arising out of or attributable to the same originating cause, source or event.

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Claims

All incidents with the potential to give rise to a claim must be reported to us immediately and we will advise you of the appropriate action to be taken. Alternatively claims can be reported directly to insurers by way of their Telephone Claims Helpline, details of which will be shown in your policy documents if this service is available.

Do not admit liability or agree to any course of action, other than emergency measures needed to minimise the loss, until the insurers have given their agreement. For all crime related claims please notify the police immediately. There may also be other claims requirements detailed in your policy document such as reporting baggage lost or damaged during a holiday to an airline or other appropriate authority.

We will provide a claims handling service for as long as you remain a client of AFL Insurance Brokers Ltd, however we reserve the right to charge a reasonable fee for our services if, for any reason, you cease to be our client but wish us to continue to handle on-going claims on your behalf.

Law and Jurisdiction

This agreement, which sets out the terms of our relationship with you, will be governed by and construed in accordance with English Law and any dispute arising under it shall be subject to the exclusive jurisdiction of the English Courts. This agreement may not be varied except in writing between parties.

Unless otherwise agreed between us in writing no term of this Agreement is enforceable under the Contracts (Rights of Third Parties) Act 1999.

Complaints

We consider it to be an essential part of our service standard to deal with complaints within the ethos of our Company's commitments to its client and not simply as a regulatory issue. Should you wish to register a complaint you may write to:

Bob Finch, Director
AFL Insurance Brokers Limited
London Underwriting Centre
3 Minster Court
Mincing Lane
London EC3R 7DD

A copy of AFL's complaints procedure is available on request.